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January 23 -- Source close to Iran/contra investigation predicted most important finding will be that hardliners short-circuited system and carried out covert operations without following usual procedures. Principal culprits appear to be Lt. Col. Oliver North and CIA Director William Casey, both acting out of highest patriotism. Both belong to informal, underground clique of hardliners who believe U.S. is losing world power struggle because liberal policymakers are soft-headed and have schoolboy's crush on radicals.

Apparently North and Casey huddled frequently to discuss details of Iran/contra operation. They left no memos nor notes of their conversations; it is suspected that some of North's other written memos may even have been contrived. Sensitive details were never discussed at meetings where anyone they mistrusted was present. This is reason Secretary of State George Shultz and Secretary of Defense Caspar Weinberger never learned about illegal transfer of funds to contras. North not only withheld from president information that might have embarrassed him but intercepted documents that might have tipped him off.

President's former national security adviser, Robert "Bud" McFarlane, apparently was caught in middle between North under him and Casey above him. This double play kept McFarlane in game, though he occasionally raised questions and expressed doubts. McFarlane's successor, Adm. John Poindexter, was more concerned and cautious than McFarlane and even tried to send North back to Marine Corps. But Casey intervened to save North and keep Poindexter in line. As for Casey, he confided only bare bones of operation to his CIA subordinates. Result was to short-circuit a system that was supposed to alert president to any hare-brained schemes. Reagan got only general reports and rosy assessments from North. He liked North's positive, can-do attitude and was impressed with his heroism under fire. That's why safeguards failed, in source's opinion.

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